

cover the circulation were 351,939,000 roubles and the authorized circulation, covered and uncovered, was 1,121,282,-000 roubles (\$80,000,000). The government by a ukase of March 3, 1895, increased the metallic coverture for the circulation by transferring from the Treasury to the bank 98,-061,276 roubles in exchange funds and substituting i, 125,682 in gold for an equal amount of silver in the bank reserves. This made the total gold funds held against circulation 375,-000,000 roubles, exclusive of 75,000,000 held against a special issue, and made the metallic coverture more than a third of the outstanding bills.

The monetary reform in Russia which was practically achieved by the autumn of 1897 presents one of the most interesting and important of modern financial operations. Previous failures and several difficult factors in the problem imposed upon Count Witte, with whose name the reform will be permanently linked, a policy of caution and complete preparation. Three of the important questions involved were at what rate the value of the paper rouble should be fixed, whether the metallic standard should be changed from silver to gold, and where the resources should be obtained to give stability and permanence to the new system.

Upon the question of the rate of conversion of the paper, there were those who contended that, in Russia, as in the United States after the Civil War, the old metallic unit should be restored in its integrity. Against this contention, however, were arrayed the views of those who believed in consecrating by law the *status quo*, in order to prevent violent changes in prices of commodities and adverse effects upon the export trade of the country. While there had been periods, as recently as tip to the war with Turkey in 1877, when the credit rouble had been at a quotation as high as 3.40 francs (par being 4.00 francs), the quotation had fallen during and after the war considerably below 2.66 and for a time in 1888 even below 2.00 francs.¹ These years had

¹ Leroy-Beaulieu, *La Science des Finances*, II., 750.